



LA FRANÇAISE

UCITS
under Directive 2009/65/EC

PROSPECTUS

La Française Obligations Emergentes

Mutual Fund

1. General information

1.1 Legal form of the UCITS

Name:

La Française Obligations Emergentes

Legal form and Member State in which the UCITS has been set up:

Fonds Commun de Placement [mutual fund] under French law

Feeder UCITS of:

La Française LUX - Absolute Emerging Debt

Launch date and scheduled duration:

24/12/2004 - 99 years

Date of approval by the French Financial Markets Authority:

14/12/2004

Summary of the management offer

Type of unit	ISIN code	Initial net asset value	Sub-funds	Allocation of income	Allocation of gains and losses:	Denomination currency	Target investors	Minimum initial investment value
R units	FR0010225037	EUR 100	No	Capitalisation	Capitalisation	EUR	All investors	None
I units	FR0010227546	EUR 1,000	No	Capitalisation	Capitalisation	EUR	All subscribers; more particularly intended for professional clients within the meaning of the Markets in Financial Instruments Directive (MiFID).	EUR 150,000

The minimum initial subscription value does not apply to the Management Company or the entities of the La Française Group.

Location where the latest annual report and the latest interim report may be obtained:

The latest annual documents as well as the information documents related to the master UCITS, La Française LUX - Absolute Emerging Debt, a UCITS under Luxembourg law approved by the CSSF, will be sent out within eight working days following a simple written request from the unitholder, submitted to:

LA FRANÇAISE ASSET MANAGEMENT

Marketing Department

128, boulevard Raspail

75006 Paris

Tel. +33 (0) 1 44 56 10 00

E-mail: contact-valeursmobilières@lafrancaise-group.com

For further information, please contact the Marketing Department of the Management Company by e-mail at: contact-valeursmobilières@lafrancaise-group.com.

1.2 Participants

Management company:

LA FRANÇAISE ASSET MANAGEMENT

Simplified joint stock company, registered in the Paris Trade and Companies Register under number 314 024 019

Management company approved by the French Financial Markets Authority on 1 July 1997, under number GP 97-76,

Registered office: 128, boulevard Raspail, 75006 PARIS

Depositary and registrar:

Identity of the UCITS Depositary

The Depositary of the UCITS is BNP Paribas Securities Services SCA, a subsidiary of the BNP PARIBAS SA group located at 9, rue du Débarcadère, 93500 PANTIN (the "Depositary"). BNP PARIBAS SECURITIES SERVICES, a partnership limited by shares, registered in the Trade and Companies Register under number 552 108 011, is an institution approved by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the French Financial Markets Authority (Autorité des Marchés Financiers – AMF), whose registered office is located at 3, rue d'Antin, 75002 Paris, France.

Description of the responsibilities of the Depositary and potential conflicts of interest

The Depositary carries out three types of responsibilities: checking the legality of the decisions of the Management Company (as defined in Article 22(3) of the UCITS V Directive), monitoring the UCITS cash flow (as defined in Article 22(4)) and holding UCITS assets (as defined in Article 22(5)).

The main objective of the Depositary is to protect the interests of unitholders/investors in the UCITS. This will always take precedence over commercial interests.

Potential conflicts of interest may be identified, especially in the case where the Management Company has a commercial relationship with BNP Paribas Securities Services SCA alongside its appointment as Depositary (which may be the case where BNP Paribas Securities Services, by delegation from the Management Company, calculates the net asset value of the UCITS while BNP Paribas Securities Services is the Depositary or where a group connection exists between the Management Company and the Depositary).

In order to manage situations such as this, the Depositary has implemented and regularly updates a conflict of interest management policy, with the aim of:

- identifying and analysing potential conflicts of interest;
- recording, managing and monitoring conflicts of interest:
 - o based on the permanent measures put in place in order to manage conflicts of interest, such as the distribution of tasks, the separation of hierarchical and operational lines, the monitoring of internal lists of insiders and dedicated IT environments;
 - o on a case-by-case basis:
 - by implementing appropriate preventive measures such as the creation of an ad hoc monitoring list and new Chinese walls, or by verifying that transactions are properly processed and/or by keeping the relevant clients informed; or
 - by refusing to manage activities which could lead to conflicts of interest.

Description of any safekeeping functions delegated by the Depositary, list of delegates and sub-delegates and identification of conflicts of interest likely to result in such a delegation

The UCITS Depositary, BNP Paribas Securities Services SCA, is responsible for the safekeeping of assets (as defined in Article 22(5) of Directive 2009/65/EC, as amended by Directive 2014/91/EU). In order to offer services linked to the safekeeping of assets in a large number of countries, enabling the UCITS to achieve its investment objectives, BNP Paribas Securities Services SCA has appointed sub-depositaries in countries where BNP Paribas Securities Services SCA has no local presence. These entities are listed on the following website:

<http://securities.bnpparibas.com/solutions/asset-fund-services/depositary-bank-and-trustee-serv.html>

The appointment and monitoring process for sub-depositaries adheres to the highest quality standards, including the management of potential conflicts of interest which may arise as a result of these appointments.

Up-to-date information relating to the above points will be sent to investors upon request.

Statutory auditor:

PricewaterhouseCoopers Audit represented by Frédéric SELLAM

63, rue de Villiers

92200 Neuilly-sur-Seine

Marketers:

LA FRANÇAISE AM FINANCE SERVICES

Customer service

128, boulevard Raspail, 75006 PARIS

Banque Coopérative et Mutuelle Nord Europe
4, place Richebé, 59000 LILLE

Caisse Fédérale du Crédit Mutuel Nord Europe, Caisses du Crédit Mutuel Nord
4, place Richebé, 59800 LILLE

Delegates:

Appointed Account Manager

BNP PARIBAS SECURITIES SERVICES, SCA

With its registered office at 3, rue d'Antin, 75002 PARIS

With its postal address at Grands Moulins de Pantin, 9, rue du Débarcadère, 93500 Pantin

Advisers:

None

Centralising agent:

LA FRANÇAISE ASSET MANAGEMENT

Simplified joint stock company, registered in the Paris Trade and Companies Register under number 314 024 019

Management company approved by the French Financial Markets Authority on 1 July 1997, under number GP 97-76,

Registered office: 128, boulevard Raspail, 75006 PARIS

Appointed establishment responsible for subscription and redemption orders:

LA FRANCAISE AM FINANCE SERVICES

Customer service

128, boulevard Raspail, 75006 PARIS

2. Terms of operation and management

2.1 General information

Unit features:

- Nature of right attached to each unit category: each unitholder has the right of co-ownership in Fund assets in proportion to the number of units held.
- Liabilities managed by BNP Paribas Securities Services.
- Units admitted to EUROCLEAR France.
- Voting rights: the units do not carry any voting rights; decisions are taken by the Management Company.
- Form of units: bearer units.
- Decimalisation: each unit can be divided into hundred thousandths

Closing dates:

- | | |
|---|------------------------------|
| • End of accounting period: | last trading day in December |
| • Closing date of the 1st financial year: | 31 December 2007 |

Tax system:

Please note: Depending on your tax system, any capital gains and income associated with holding units in the UCITS could be subject to taxation. If the unitholder is uncertain about his tax situation, he must consult the UCITS marketer or his financial adviser for more information.

Within the framework of the applicable regulations on the feeder transformation date, this amendment does not have any tax impact.

2.2 Specific provisions

ISIN code:

R units
I units

FR0010225037
FR0010227546

Classification:

International bond and other debt securities

Management objective:

The La Française Obligations Emergentes fund seeks to generate a positive performance over 12 months, irrespective of market conditions, via investments in the Luxembourg master fund La Française LUX - Absolute Emerging Debt.

The performance of the Fund will be lower than that of its master, taking into account its own management fees.

Benchmark index:

The Euribor index is the European monetary market rate. It is equal to the arithmetic mean of the rates offered on the European banking market for a set maturity (between 1 week and 12 months). It is published by the European Central Bank using listings supplied daily by 64 European banks.

The mutual fund is neither an index fund nor an index benchmark but, for post-hoc comparison purposes, the unitholder can refer to the performance of the Euribor 3 months capitalised +3%.

Investment strategy:**1- Strategy used**

La Française Obligations Emergentes invests up to a maximum of 100% by way of a master UCITS called La Française LUX – Absolute Emerging Debt (Class F) and in supplemental liquid assets.

Assets used by the feeder fund:

a) **UCITS:** investment up to a maximum of 100% in the master UCITS La Française LUX – Absolute Emerging Debt (Class F)

b) **Liquid assets:** on an ancillary basis

The master and feeder UCITS have concluded an agreement under which:

- the master UCITS shall transfer to the feeder fund all documents and information pertaining to it (in particular, instruments of incorporation, agreements with third parties, exposure to futures markets, risk monitoring procedure, non-compliance with regulations, etc.) as soon as possible;
- the master and feeder UCITS shall coordinate their methods for net asset value calculation and shall inform one another of any suspension in subscription/redemption orders;
- the master and feeder UCITS shall keep one another up-to-date on any changes affecting the other party (e.g. decision on a merger or liquidation, change of depositary, etc.).

A copy of this agreement can be obtained by e-mailing a simple written request to the Product Marketing Department of the management company, at the following address: contact-valeursmobilières@lafrancaise-group.com

Information on the investment policy and objectives of the master UCITS La Française LUX – Absolute Emerging Debt**1- Strategy used**

The fund seeks to generate a positive performance over a 12-month period irrespective of the market conditions.

The investment strategy involves the discretionary management of the portfolio.

The manager shall carry out long and/or short strategies on the rate, credit and currency markets.

The Fund invests in bonds and negotiable debt securities issued by private, public and parapublic issuers denominated in euros and other currencies.

The Fund mainly invests in public or quasi-public debt of emerging countries, with the possibility of investing internationally. Eligible countries are selected according to a process established by the Management Company and based on qualitative and quantitative criteria.

The Fund will use directional strategies and/or relative value strategies according to the market opportunities.

The investment process is based on a double analysis:

- a fundamental in-depth analysis (macro parameters such as budget deficit, public debt rate, etc.)
- a quantitative analysis.

Investments shall present following characteristics:

- up to 100% investment-grade issuers with a rating higher or equal to BBB- (Standard & Poor's) or Baa3 (Moody's) or deemed equivalent by the manager at the time of purchase. When the issuer is not rated, the rating conditions must be fulfilled by the issue.
- up to 80% high-yield issuers with a rating lower than BBB- (Standard & Poor's) or Baa3 (Moody's) or deemed equivalent by the manager at the time of purchase. When the issuer is not rated, the rating conditions must be fulfilled by the issue.
- Non-rated: up to 30% of assets;
- up to 30% in private issuers.
- up to 10% of its net assets in UCITS and/or AIF shares or units meeting the criteria under Article R214-13 of the French Monetary and Financial Code.

The Fund cannot invest in mortgage-backed securities or in asset-backed securities (MBS and ABS).

The Fund can invest in Credit Notes in accordance with Article 41.1 of the Act of 2010.

The Fund can invest up to 100% in securities denominated in currencies other than the euro.

The Fund may hold ancillary liquidity. In order to place its liquidity, the Sub-fund may invest in monetary UCIs or UCIs invested in:

- 1) debt securities whose final or residual maturity, taking into account the associated financial instruments, does not exceed 12 months or
- 2) debt securities whose price is adjusted, taking into account the associated financial instruments, at least once a year.

The sensitivity range is between -8 and 8.

The Fund may carry out purchase and repurchase transactions (also referred to as 'repos') within the established limits in order to (a) achieve the Sub-fund's objective, (b) manage cash flow or (c) create a potential leverage effect.

Transactions for the temporary sale of securities (securities lending, reverse repurchase transactions) may be carried out up to an amount equivalent to 50% maximum of UCI assets, while the transactions for the temporary purchase of securities (securities borrowing, repurchase agreements) may be carried out up to an amount equivalent to 10% maximum of UCI assets.

The expected proportion of assets under management that shall be subject to such transactions may be 25% of assets.

Within the limits indicated in the prospectus, the Fund may invest in derivatives traded on regulated markets or in over-the-counter derivatives if these contracts are better adapted to the management objective or offer lower transaction costs. These instruments can include, but are not limited to, futures contracts, options, CDS (Credit Default Swap), TRS.

The Fund may use Total Return Swaps (TRS) up to a maximum of 50% of the net assets. The expected proportion of assets under management that shall be subject to TRS may be 10%. Underlying TRS may be applied to all assets in the portfolio.

Each derivative instrument has a specific hedging, arbitrage or exposure strategy for which the objective is to: (i) hedge the entire portfolio or certain asset classes (fixed-rate or floating-rate bonds) held in the portfolio against interest rate risks and/or currency risks; (ii) rebuild specific assets in a synthetic way; (iii) increase the Sub-fund's exposure to market interest rate risk; the leverage effect shall not exceed 1000% of the Sub-fund's net assets. This leverage may not be representative of the Sub-fund's level of actual risk; in fact, the use of relative value strategies such as credit curve strategies may contribute significantly to the leverage effect. The leverage is proportional to the use of derivatives.

Information relating to financial guarantees (temporary purchase and sale of securities and/or OTC derivatives for the total return swaps (TRS))

• Nature of financial guarantees:

Within the framework of transactions negotiated on OTC markets for the temporary purchase and sale of securities and/or OTC derivatives, the Fund may receive cash in its reference currency as collateral. Guarantees are held by the Depositary of the Fund.

• Reinvestment policy and guarantees received:

Financial guarantees received in cash may be:

- placed in deposit;
- invested in high-quality government bonds;
- invested in short-term money market funds.

Securities received as collateral cannot be sold, reinvested or used as a guarantee deposit.

• Selection of counterparties:

The Management Company follows a specific selection process for financial intermediaries, also used for intermediaries designated for transactions for the temporary purchase or sale of securities and/or certain derivatives such as total return swaps (TRS). These intermediaries are selected based on their research quality, the cash assets that they offer, and their speed and reliability with regard to the execution and processing quality of orders.

At the end of this rigorous and regulated process, the counterparties selected for transactions for the temporary purchase or sale of securities and/or certain derivatives such as total return swaps (TRS) are credit institutions authorised by the Management Company which have their registered office in a Member State of the European Union.

• Remuneration:

No remuneration is due to the Depositary (within the framework of his capacity as Depositary) or to the Management Company for transactions for the temporary purchase or sale of securities and/or certain derivatives such as total return swaps (TRS).

Within the framework of TRS and reverse purchases, all income from these transactions is paid in full to the Fund.

Within the framework of securities lending, the lending agent is entitled to receive 15% of the gross income. The remaining income (i.e. 85%) shall be paid to the Fund.

The costs/fees relating to transactions for the temporary purchase and sale of securities and/or total return swaps (TRS) are not invoiced to the Fund. These costs/fees are fully undertaken by the Management Company. Moreover, the Management Company does not take any commission in kind for these transactions.

• Risks:

Therefore, there is no haircut policy applied to the guarantee received. The risks relating to these types of transactions are described in the section "risk profile of the prospectus".

The audit teams in charge of the Fund shall respect all the limits described in the investment strategy and/or under the heading "Forecasted level of use". The policy for financial guarantees in cash does not require a specific risk procedure in order to monitor collateral and associated haircuts.

Risk profile:

"Your money will be invested primarily in financial instruments selected by the Management Company. These instruments are subject to market changes and fluctuations."

The risks described below do not constitute an exhaustive list: investors should analyse the risks inherent to each investment and make their own decisions. Investors are exposed to the following risks through the mutual fund:

The La Française Obligations Emergentes risk profile is identical to that of its master La Française LUX - Absolute Emerging Debt.

Information on the risk profile of the master UCITS La Française LUX – Absolute Emerging Debt:

The net asset value of the Sub-fund depends on the market value of the portfolio assets.

Risk of capital loss: Investors should be aware that their capital is not guaranteed and may therefore not be returned to them.

Interest rate risk: The Sub-fund is subject to interest rate risk. The interest rate risk is the risk that the value of the Sub-fund's investment will decrease if the interest rate increases. Therefore, when interest rates increase, the net asset value of the Sub-fund may decrease.

Credit risk relating to issuers of debt securities: These risks may arise from a risk of unexpected bankruptcy or downgrading of an issuer of a debt security. If an issuer is downgraded, then the value of its assets will fall, which may result in a decrease in the net asset value of the Sub-fund.

Discretionary risk: The discretionary management style applied to the Sub-fund is based on the selection of securities and on forecasts for the markets of the Sub-fund's assets. There exists a risk that it may not be possible for the Sub-fund to invest in the best-performing securities at all times. The Sub-fund's performance may therefore be lower than the management objective. Moreover, the net asset value of the Sub-fund may exhibit negative performance.

Counterparty risk: The Sub-fund may enact financial transactions on derivatives and transactions with the right of redemption as well as other contracts involving exposure to credit risks related to specific counterparties. If a counterparty fails to meet its obligations, the Sub-fund may experience a decline in its portfolio value.

Risk arising from investing in emerging markets: The Sub-fund may be exposed to emerging markets. Market risk will increase with any investment in an emerging country, where upward and downward market fluctuation may be more pronounced and more sudden than in the main international markets. Investing in emerging markets involves an increased risk, given the political and economic context of these markets, which could weigh on the value of Sub-fund investments. The operating and monitoring conditions on these emerging markets may deviate from prevailing norms on the main international markets. This may result in a decrease in the net asset value of the Sub-fund.

Credit risk associated with high-yield securities: Investment in these securities involves a substantial risk. They are particularly suited to investors aware of the risks inherent to investing in securities with a low credit rating or unrated securities. These securities are considered to be 'speculative' and involve a greater risk of default. They are more susceptible to severe and/or frequent fluctuations in their values and are not always liquid enough to be sold at any time or at the best rate. If an issuer goes bankrupt, the Sub-fund may experience a decline in its portfolio value.

Risk linked to arbitrage transactions: Arbitrage is a technique which consists of profiting from spreads in anticipated prices between markets and/or sectors and/or currencies and/or instruments. In the event of unfavourable trends in these arbitrages (an increase in sale transactions and/or fall in purchase transactions), the value of the strategy falls and the net asset value of the Sub-fund may fall significantly.

Risk arising from overexposure: The Fund may use financial futures (derivatives) to generate overexposure and thus increase the Fund's overall exposure to a maximum of 1000%. Depending on the direction of the Fund's transactions, the effect of the fall (in the case of purchase of exposure) may be amplified and therefore increase the fall of the net asset value of the Fund.

Exchange risk: The Sub-fund may invest in transferable securities denominated in currencies other than the reference currency. If a currency falls against the euro, the net asset value may decline.

Target investors:

R units
I units

All investors
All subscribers; more particularly intended for professional clients within the meaning of the Markets in Financial Instruments Directive (MiFID).

The Fund is primarily intended for investors seeking exposure for their bond investments on emerging markets.

U.S. investors

Mutual fund units have not been and will not be registered under the U.S. Securities Act of 1933 (hereinafter the "Act of 1933") or any other law applicable in a U.S. state. Units may also not be directly or indirectly transferred, offered or sold in the United States of America (including its territories and possessions) to any U.S. Person (hereinafter "U.S. Person"), as defined in the American Regulation "Regulation S" of the Act of 1933 as adopted by the Securities and Exchange Commission ("SEC") unless (i) the units have been registered or (ii) an exemption applies (with the prior agreement of the Management Company's governing body).

The mutual fund has not been and will not be registered under the U.S. Investment Company Act of 1940. Any re-sale or transfer of units in the United States of America or to a U.S. Person may be in breach of U.S. law and requires the written agreement of the Management Company of the mutual fund. Those wishing to acquire or purchase units will have to certify in writing that they are not U.S. Persons.

The appropriate amount to invest in the mutual fund depends on your personal financial situation. In order to determine this amount, you should take into account your personal assets and current requirements, and also your willingness to take risks or your wish to favour prudent investment. You are also strongly advised to diversify your investments so that they are not exposed solely to the risks of this mutual fund.

Recommended investment period:

This fund may not suit investors who intend to withdraw their contribution within three years.

Methods of determining and allocating distributable amounts:

R units
I units

Capitalisation
Capitalisation

The distributable amounts are made up of:

1. Net income, which is equal to total interest payments, arrears, dividends, bonuses and lots, fees and all earnings from securities held in the Fund's portfolio, plus earnings from amounts held as liquid assets, minus management fees and borrowing costs, plus the amount carried forward and plus or minus the balance of prepayments and accrued income;
2. The realised capital gains, net of costs, minus the realised capital losses, net of costs, during the financial year, plus the similar net capital gains realised during the previous financial years which were not subject to distribution or capitalisation, minus or plus the balance of accrued capital gains.

Accounting currency:

EUR

Subscription and redemption terms:

Subscription orders (in value or hundred thousandths of units) and redemption orders (in hundred thousandths of units) are processed at La Française AM Finance Services on each net asset value calculation day at 9.15 a.m. (if the Stock Exchange is open in Paris, or the next trading day, except for public holidays in France and Luxembourg) and are executed on the basis of the next net asset value, calculated as J+1 (i.e. unknown at the time of execution).

Payments relating thereto are made on the second trading day following the centralisation date (D+2).

Each unit can be divided into hundred thousandths.

Minimum initial subscription value:

R units	None
I units	EUR 150,000

Minimum value for subsequent subscriptions:

R units	None
I units	None

Date and frequency of the net asset value:

The net asset value is calculated and published on D+1 for each trading day in Paris, excluding legal public holidays in France and Luxembourg.

Initial net asset value:

R units	EUR 100
I units	EUR 1,000

Location where the net asset value is published:

the Management Company's premises and the website: www.la-francaise.com

Charges and fees:

Subscription and redemption fees:

Subscription fees are added to the subscription price paid by the investor and redemption fees are deducted from the redemption price. The fees received by the UCITS offset the charges it incurs in investing or divesting the assets entrusted to it. Fees that are not paid to it revert to the Management Company, marketer, etc.

Fees charged to the investor, levied at the time of subscription and redemption	Base	Rate/scale
Subscription fee not paid to the UCITS	Settlement value X Number of units	R units: 3.00% maximum I units: 3.00% maximum
Subscription fee paid to the UCITS	Settlement value X Number of units	R units: None I units: None
Redemption fee not paid to the UCITS	Settlement value X Number of units	R units: None I units: None
Redemption fee allocated to the UCITS	Settlement value X Number of units	R units: None I units: None

Operating and management fees:

These fees cover all costs charged directly to the UCITS, apart from transaction costs. Transaction costs include intermediation costs (brokerage, stock exchange tax, etc.) and any turnover fees, charged notably by the Depositary and the Management Company.

In addition to operating and management fees, there may also be:

- outperformance fees. These are paid to the Management Company when the UCITS has exceeded its objectives. They are therefore charged to the UCITS;
- turnover fees charged to the UCITS.

	Costs billed to the UCITS	Base	Rate/scale
1	Financial management fees	Net assets	I units: 0.75% maximum rate (incl. tax) R units: 1.50% maximum rate (incl. tax)
2	Administrative fees not paid to the Management Company	Net assets	None
3	Maximum indirect costs (commission and management fees)	Net assets	0.07% per year (including taxes) calculated daily on the basis of the average net assets of the Sub-fund. The commission shall be paid during the month following the end of each quarter.
4	Turnover fees	Deducted from each transaction	None
5	Outperformance fee	Net assets	R and I units Variable commission equal to 20% (including taxes) of the performance exceeding the Euribor 3 months capitalised +3%, as long as the annual performance of the Fund, net of fees, is positive; the reference period is the financial year of the mutual fund. (*)

Financial management fee rates include financial management fees and administrative fees not paid to the Management Company. Until 28 November 2017, outperformance will be calculated by comparing the growth in the Fund's assets with that in the assets of a benchmark fund that achieves identical performance to that of the JP Morgan Emerging Markets Bond Index Global Diversified \$ coupons included and records the same subscription and redemption variations as the actual Fund.

As from 29 November 2017, the variable commission equal to maximum 20% (including taxes) of the performance exceeding the Euribor 3 months capitalised +3%, as long as the annual performance of the fund, net of fees, is positive.

(*) The outperformance is calculated by comparing the growth in the Fund's assets with that in the assets of a benchmark fund that achieves identical performance to that of the Euribor 3 months capitalised +3% and records the same subscription and redemption variations as the actual Fund.

If the mutual fund underperforms compared with the Euribor 3 month capitalised +3%, this provision shall be readjusted by a reversal of the provision; reversal provisions are capped at the amount of the allocations.

A provision or, where applicable, a reversal of the provision in the event of underperformance is recognised for each net asset value calculation. The share of variable fees corresponding to redemptions reverts definitively to the Management Company.

The closing date for variable management fees is set at the last net asset value in March. The fees shall be deducted annually.

Other costs billed to the UCITS:

- contributions due to the UCITS management pursuant to Article L621-5-3 (II)(3)(d) of the French Monetary and Financial Code;
- taxes, duties, licence fees and government fees (relating to the UCITS), both extraordinary and non-recurring;
- extraordinary and non-recurring costs relating to debt recovery or a procedure for asserting a right (e.g. class action procedure).

Choice of financial intermediaries:

The financial intermediaries will be independently selected by the Management Company based on different criteria: the quality of the provider, research, execution, set prices, quality of the Back Office for clearing and settlement transactions. The Management Company is prohibited from placing its orders through a single intermediary.

For further information, unitholders may refer to the mutual fund's annual report.

Subscription and redemption fees of the **master fund**:

Charges to be paid by the investor, deducted at the time of subscription or redemption	Base	Rate/scale
Subscription fee not paid to the UCITS	Net asset value x number of units	Class F - EUR - Capitalisation: None Class I - EUR - Capitalisation: 3.00% maximum Class R - EUR - Capitalisation: 3.00% maximum
Subscription fee paid to the UCITS	Net asset value x number of units	Class F - EUR - Capitalisation: None Class I - EUR - Capitalisation: None Class R - EUR - Capitalisation: None

Redemption fee not paid to the UCITS	Net asset value x number of units	Class F - EUR - Capitalisation: None Class I - EUR - Capitalisation: None Class R - EUR - Capitalisation: None
Redemption fee paid to the UCITS	Net asset value x number of units	Class F - EUR - Capitalisation: None Class I - EUR - Capitalisation: None Class R - EUR - Capitalisation: None

Operating and management costs of the **master fund**:

Costs billed to the master UCITS	Base	Rate/scale
Management fees	Net assets	None
Other operating fees, including the Management Company's commission and the subscription tax.		0.07% per year (including taxes) calculated daily on the basis of the average net assets of the Sub-fund. The commission shall be paid during the month following the end of the quarter.
Outperformance fee	Net assets	None

3. Commercial information

1. The fund units are distributed by LA FRANCAISE AM FINANCE SERVICES, Banque Coopérative et Mutuelle Nord Europe, Caisse Fédérale du Crédit Mutuel Nord Europe and Caisses du Crédit Mutuel Nord.

2. Subscription/redemption orders are processed by LA FRANÇAISE AM FINANCE SERVICES.

3. Information about the 'La Française Obligations Emergentes' mutual fund is available on the premises of the Management Company or on the website: www.la-francaise.com.

4. Information regarding consideration of ESG (environmental, social and quality of governance) criteria in the investment policy is available on the Management Company's website: www.la-francaise.com and stated in the annual report.

5. La Française Asset Management is the Management Company of the master and feeder funds. It has implemented internal information guidelines in order that the feeder fund complies with the regulatory obligations. These internal guidelines relate to, amongst others, the information necessary to draw up the Fund's regulatory reports, conflicts of interest, exchange of information on prospectus and the Fund KIIDs following an amendment and certain procedures relating to subscription/redemption.

6. Communicating the composition of the portfolio: the Management Company may directly or indirectly communicate the breakdown of assets of the UCI to unitholders of the UCI having the status of professional investors, only for purposes associated with regulatory obligations as part of the calculation of shareholders' equity. This transmission, where applicable, shall be carried out within a period of no less than 48 hours following the publication of the net asset value.

4. Investment rules

Investment in UCITS in accordance with the European Directive	100%
Liquidity	On an ancillary basis
Cash borrowings	No more than 10%

The mutual fund is fully and permanently invested in units of the master: 'La Française LUX - Absolute Emerging Debt'. The units held by the portfolio are evaluated for the last known net asset value of the master UCITS: 'La Française LUX - Absolute Emerging Debt'.

5. Total risk method

The mutual fund applies the method of calculating commitment.

Overall risk method of the master fund:

The master UCITS La Française LUX - Absolute Emerging Debt uses the absolute VaR method as the methodology to calculate overall risk:

Method used to calculate the overall risk: absolute VaR method. The Fund's VaR is limited by the Management Company and may not exceed 20% of the Fund's net assets with a confidence interval of 99% and a monitoring period not exceeding 20 working days.

The indicative leverage effect (total nominal value of the positions on the financial contracts used) may not exceed 1000% of the Fund's assets. However, this level may be higher under exceptional market circumstances.

6. Valuation and accounting rules for the assets

The mutual fund abides by the accounting rules laid down under the regulations in force and in particular the accounting rules applicable to UCIs.

All transferable securities in the portfolio are recorded at historic cost, excluding transaction costs.

On each net asset valuation date and balance sheet date, the portfolio is valued based on:

Transferable securities

UCIs: at the last known net asset value. Estimated net asset values are used for UCIs and foreign investment funds with a monthly valuation.

Accounting method for interest

Interest on bonds and debt securities is recorded using the accrued interest method.

7. Remuneration

In accordance with Directive 2009/65/EC and Article 314-85-2 of the General Regulations of the Financial Markets Authority, the Management Company has implemented a remuneration policy for categories of staff whose professional activities have significant repercussions on the risk profile of the Management Company or of the UCITS. These categories of staff include managers, members of the Board of Directors (including the senior management), risk takers, persons performing auditing tasks, persons in a position to influence employees, and all employees receiving a total remuneration who are in the same remuneration range as the risk takers and the senior management. The remuneration policy is compliant and encourages healthy and effective risk management, and does not encourage risk-taking which would be incompatible with the risk profiles of the Management Company, and do not hinder the obligation of the Management Company to act in the greater interests of the UCITS.

The La Française Group has established a remuneration committee at Group level. The remuneration committee is set up in accordance with the internal regulations and in accordance with the principles laid down in Directive 2009/65/EC and Directive 2011/61/EU. The remuneration policy of the Management Company is designed to promote good risk management and to discourage risk-taking which would exceed the tolerable level of risk, by taking into account the investment profiles of the funds under management and by implementing measures enabling any conflicts of interests to be avoided. The remuneration policy is reviewed annually.

The remuneration policy of the Management Company, detailing the way in which remuneration and benefits are calculated, is available free of charge from the registered office of the Management Company. A summary is available on the website: <http://lfgrou.pe/MnDZx7>

MUTUAL FUND RULES

La Française Obligations Emergentes

SECURITY 1: ASSETS AND UNITS

Article 1: Co-ownership units

Co-ownership rights are expressed in units, with each unit corresponding to the same fraction of Fund assets. Each unitholder has a right of co-ownership to Fund assets in proportion to the number of units held.

The duration of the Fund shall be 99 years from its launch, except in the event of early dissolution or extension as provided for under these rules.

The units may be divided, regrouped or split into tenths, hundredths, thousandths, ten thousandths or hundred thousandths – fractional units – on the decision of the Management Company's Executive Board.

The features of the different unit categories and their access conditions are specified in the mutual fund prospectus.

The different classes of units may:

- use different income distribution procedures (distribution or capitalisation or carry forward);
- be denominated in different currencies;
- have different management fees;
- have different subscription and redemption fees;
- have a different nominal value;
- be systematically hedged against risk, in part or in full, as defined in the prospectus. This hedging is provided through financial instruments, minimising the impact of hedging on the other classes of units of the mutual fund;
- be confined to one or more marketing channels.

The provisions of these rules regulating the issue and redemption of units shall also apply to fractional units, the value of which is always proportional to that of the unit they represent. Unless otherwise stipulated, all other provisions of these rules relating to units also apply to fractional units, without it being necessary to state this explicitly.

The Executive Board of the Management Company may decide unilaterally to split units by creating new units to be allocated to the unitholders in exchange for the old units.

Article 2: Minimum assets

Units may not be redeemed if the assets fall below EUR 300,000; if the assets remain below this amount for a period of 30 days, the Management Company shall make the necessary provisions to liquidate the UCITS in question, or to carry out one of the operations mentioned in Article 411-16 of the General Regulations of the Financial Markets Authority (transfer of the UCITS).

Article 3: Issue and redemption of units

Units may be issued at any time at the request of the unitholders, based on their net asset value plus any subscription fees, where applicable.

Redemptions and subscriptions are carried out according to the terms and conditions set out in the prospectus.

Units of the mutual fund may be admitted to the official listing in accordance with the regulations in force.

Subscriptions must be fully paid-up on the date of calculation of the net asset value. They may be paid for in cash and/or through the contribution of transferable securities. The Management Company shall be entitled to reject securities offered to it, and to this end shall have a period of seven days from the date of receipt of the securities to announce its decision. If the securities are accepted, they are valued in accordance with the rules set out in Article 4 and the subscription is carried out on the basis of the net asset value immediately following acceptance of the securities concerned.

All redemptions are made exclusively in cash, except where the Fund is liquidated and where unitholders have expressed their consent to reimbursement in the form of securities. Redemptions are settled by the bookkeeper no later than five days after unit valuation.

Under exceptional circumstances, however, where reimbursement requires the prior disposal of assets held in the Fund, this period may be extended to a maximum of 30 days.

Except in the case of inheritance or inter vivos distribution, the disposal or transfer of units from one unitholder to another or to a third party is treated as a redemption followed by a subscription. In the case of a third party, the amount of the disposal or transfer must, if necessary, be made up by the beneficiary to the minimum subscription amount specified in the prospectus.

Pursuant to Article L214-8-7 of the French Monetary and Financial Code, both the redemption by the mutual fund of its units and the issue of new units may be suspended on a temporary basis by the Management Company where required by exceptional circumstances and where this is in the interests of the unitholders.

Where the net assets of the mutual fund fall below the amount set out in the regulations, no units may be redeemed.

Minimum subscription conditions may be set out in the prospectus.

The mutual fund may suspend the issue of units pursuant to the second paragraph of Article L214-8-7 of the French Monetary and Financial Code in objective situations leading to the suspension of subscriptions, such as a maximum number of units or shares being issued, a maximum amount of assets being achieved or the expiry of a specified subscription period. These objective situations are defined in the mutual fund prospectus.

The Management Company reserves the right to restrict or deny the direct or indirect holding of Fund units by any person or entity which is prohibited from holding the Fund units (hereinafter “Ineligible Person”) as described below:

An Ineligible Person is:

- a U.S. Person as defined in SEC Regulation S of the Securities and Exchange Commission (SEC) (Part 230 – 17 CFR 230.903); or

- any other person who (a) is directly or indirectly in violation of the laws and regulations of any country or government institution, or (b) may, in the opinion of the Management Company of the mutual fund, cause damage to the mutual fund, which it would have otherwise not endured or suffered.

To this end, the Management Company of the mutual fund may:

- (i) refuse to issue any units as soon as it becomes evident that such issuance will or may result in the aforementioned units being directly or indirectly held by or for an Ineligible Person;

- (ii) demand, at any time, that a person or entity whose name appears on the register of unitholders provide any information, accompanied with a solemn declaration, which it deems necessary in order to establish whether the actual beneficiary of the relevant units is an Ineligible Person or not;

and

- (iii) when it is apparent that a person or entity is (i) an Ineligible Person and, (ii) solely or jointly, the effective beneficiary of the units, proceed with the forced redemption of all the units held by a unitholder without delay and, at the latest, within five days.

The forced redemption will take place at the last known net asset value, minus, where applicable, the relevant fees, rights and commissions, which will be charged to the Ineligible Person within five days, during which time the actual beneficiary of the units may present his observations to the competent authority.

This power also covers any person (i) who is in direct or indirect violation of the laws and regulations of any country or government institution, or (ii) may, in the opinion of the Management Company of the mutual fund, cause damage to the mutual fund, which it would have otherwise not endured or suffered.

Article 4: Calculation of net asset value

The net asset value of the units is calculated pursuant to the valuation rules provided in the prospectus.

Contributions in kind may only consist of securities, transferable securities or contracts in which UCIs are authorised to invest; such contributions shall be valued pursuant to the valuation rules used to calculate the net asset value.

HEADING 2: OPERATION OF THE FUND

Article 5: The Management Company

The Fund is managed by the Management Company in accordance with the strategy defined for the Fund.

The Management Company shall act under all circumstances in the exclusive interests of the unitholders and may alone exercise the voting rights attached to the securities in the Fund.

Article 5a: Operating rules

The instruments and deposits in which the UCI may invest and the investment rules are specified in the prospectus.

Article 6: The Depositary

The Depositary shall fulfil the tasks incumbent upon it pursuant to the applicable legislation and regulations, as well as those binding on it as applied by the Management Company. It must ensure the legality of decisions taken by the portfolio Management Company. Where necessary, it must take all the precautionary measures that it deems to be necessary. In the event of any dispute with the Management Company, it shall inform the Financial Markets Authority.

The Fund is a feeder UCI, which means that the Depositary has concluded an information exchange agreement with the Depositary of the master UCI (or where applicable, if it is also the Depositary of the master UCI, it has drawn up an adapted set of specifications).

Article 7: Statutory auditor

A statutory auditor is appointed by the Executive Board of the Management Company for a period of six financial years, subject to the approval of the AMF.

It certifies the consistency and accuracy of the accounts.

The statutory auditor's term of office may be renewed.

The statutory auditor is required to notify the AMF as quickly as possible of any fact or ruling regarding the UCITS of which it becomes aware over the course of its assignment, of a nature that:

1. constitutes a breach of the legislative or regulatory provisions applicable to this body and liable to have significant effects on the financial situation, the profits or the assets;
2. jeopardises the conditions or the continuity of its operation;
3. leads to the issuance of reserves or the refusal to certify the accounts.

The valuations of the assets and the calculation of the exchange parity in conversion, merger or demerger transactions shall be supervised by the statutory auditor.

It assesses all contributions in kind under its responsibility.

It monitors the composition of the assets and other elements prior to publication.

The statutory auditor's fees are fixed by mutual agreement between the statutory auditor and the Executive Board of the Management Company on the basis of a work schedule specifying the duties which are considered to be necessary.

It shall certify the situations on the basis of which interim distributions are made.

Its fees shall be covered by the management fees.

The Fund is a feeder UCI:

-The statutory auditor has concluded an information exchange agreement with the master UCI auditor.

- If the statutory auditor is also the master UCI auditor, then it will draw up an adapted work programme.

Article 8: Financial statements and management report

At the close of each financial year, the Management Company shall draw up summary documents and a report on the management of the Fund for the past financial year.

The Management Company shall draw up, at least semi-annually and under the supervision of the Depositary, the inventory of assets of the UCI.

The Management Company shall make these documents available to unitholders within four months of the end of the financial year, and will inform them of the income to which they are entitled: these documents shall be sent to unitholders by post at their express request or made available to them at the offices of the Management Company.

HEADING 3: PROCEDURES FOR ALLOCATING DISTRIBUTABLE AMOUNTS

Article 9: Procedures for allocating income and distributable amounts

The distributable amounts are made up of:

- 1) the net profit plus the amount carried forward, plus or minus the balance of prepayments and accrued income;
- 2) the realised capital gains, net of costs, minus the realised capital losses, net of costs, during the financial year, plus the similar net capital gains realised during the previous financial years which were not subject to distribution or capitalisation, minus or plus the balance of accrued capital gains.

The amounts stated in 1) and 2) may be distributed, in whole or in part, independently of each other.

Payment of the distributable amounts shall be carried out within five months of the end of the financial year.

The net income of the mutual fund is equal to total interest payments, arrears, premiums and bonuses, dividends, attendance fees and all earnings from securities held in the Fund's portfolio, plus earnings from amounts held as liquid assets, minus management fees and borrowing costs.

The Management Company shall decide how income will be distributed.

For each equity category, as applicable, the mutual fund may opt for one of the following formulae for each of the amounts detailed in 1) and 2):

Pure capitalisation: the amounts available for distribution are fully capitalised, with the exception of those that are subject to mandatory distribution by law;

Pure distribution: the amounts are fully distributed, to the nearest rounded figure.

For mutual funds seeking to maintain the freedom to capitalise and/or distribute and/or carry distributable amounts forward, the Management Company shall decide on the allocation of each of the amounts detailed in 1) and 2) each year.

As applicable, during the course of the financial year, the Management Company may decide to make one or more prepayments not exceeding the net income of each of the amounts detailed in 1) and 2); these prepayments are recorded at the date of the decision.

The exact methods for the allocation of income are detailed in the prospectus.

Article 10: Merger – Demerger

The Management Company may transfer all or part of the assets held in the Fund to another UCITS which it manages, or it may split the Fund into two or more other mutual funds which it will manage.

Unitholders must be notified before any such merger or demerger takes place. A new statement will then be issued showing the number of units held by each unitholder.

Article 11: Winding up – Extension

If the assets in the Fund remain below the amount laid down above in Article 2 for 30 days, the Management Company shall advise the AMF and dissolve the Fund, unless there is a merger operation with another mutual fund.

The Management Company may dissolve the Fund early; it shall inform the unitholders of its decision, and subscription or redemption orders will not be accepted after this date.

The Management Company shall also dissolve the Fund in the event of a redemption order for all of the units, or where the Depositary is relieved of its responsibilities and no other Depositary has been appointed, or on expiry of the term of the Fund, if not extended.

The Management Company shall inform the AMF by post of the date and of the procedure adopted for dissolution. Subsequently, the Management Company shall send the statutory auditor's report to the AMF.

The Management Company, in agreement with the Depositary, may decide to extend a fund. Its decision must be taken at least three months prior to expiry of the Fund's term, and must be notified to the unitholders and the AMF.

Article 12: Liquidation

In the event of dissolution, the Management Company shall act as liquidator, failing which a liquidator shall be appointed by the court at the request of any interested party. To this end, they are vested with the most extensive powers for liquidating assets, paying creditors and distributing the available balance to unitholders in cash or securities.

The statutory auditor and the Depositary shall continue to carry out their duties until the liquidation operations have been completed.

Article 13: Jurisdiction – Choice of domicile

Any disputes concerning the mutual fund arising during its existence or upon its liquidation, whether between unitholders, or between unitholders and the Management Company or the Depositary, shall be subject to the jurisdiction of the competent courts.